RAJYA SABHA

Wednesday, the 1st March, 2006/10 Phalguna, 1927 (Saka)

The House met at eleven of the Clock,

MR. DEPUTY CHAIRMAN in the Chair

ORAL ANSWERS TO QUESTIONS

Financial incentives to producers of Orthodox Tea

*141. SHRI SANTOSH BAGRODIA:†
SHRI GIREESH KUMAR SANGHI:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government have decided to provide incentives to the producers of Orthodox Tea to arrest falling exports and increase global Market share;

(b) whether any strategy to increase India's global market share in tea has been evolved; and

(c) if so, the details thereof?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH): (a) Government has sanctioned a scheme in June, 2005 for grant of subsidy for production of orthodox tea from 1st January, 2005 to 31st March, 2007.

(b) and (c) The strategy evolved for increasing India's global market share in tea includes diversification of market portfolio, value addition, marketing & promotion, correcting the adverse product mix of orthodox and CTC (Sant-Tea-Curl) teas, protection of India's Intellectual Property Rights to protect its various brands and addressing the quality issues, etc.

While India's global market share in tea has been coming down, the increased production of tea over the years has been matched by increased domestic consumption. In India, most of the tea manufactured is CTC

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†The question was actually asked on the floor of the House by Shri Santosh Bagrodia.

whereas internationally orthodox teas are being increasingly preferred. The scheme for providing financial incentives for production of orthodox tea was sanctioned with a view to increasing the production of orthodox teas which could improve India's position in international markets.

Steps are taken to consolidate position in markets where India has a major share of the tea market and also to enter new markets. Market research projects have been commissioned in specific focus markets and the reports have been provided to the tea industry.

Tea Board has been taking steps to protect the various brands and has been successful in securing statutory recognition of Darjeeling tea in various jurisdictions as certification or collective marks. Darjeeling tea has also been declared as Geographical Indication (Gl) with effect from October 2004.

Import duty on certain items of machinery like tea bagging & packaging machinery and colour sorting machine used to improve quality and add value to Indian tea has been reduced to a rate of 5% presently upto May 2006.

In order to maintain quality and retain the brand equity of Indian teas, the Government has issued a new Tea (Distribution and Export) Control Order, 2005 on 01.04.2005 which prescribes strict norms for tea and stipulates that all teas, whether imported or exported, would be required to conform to the specifications cited in the new Order.

Tea Board is also conducting promotional activities in the foreign markets and lending promotional support to the Indian tea exporters in their marketing efforts. These include participation in various fairs and exhibitions, field sampling at speciality stores and principal markets, media publicity, Buyer Seller Meets, exchange of tea delegations, etc.

SHRI SANTOSH BAGRODIA: Mr. Deputy Chairman, Sir, I would like to say that since inception, I mean long time before-1961-orthodox tea production was 218 million Kgs. against 121 million Kgs of CTC tea, which means 64 per cent was orthodox. In 2003, the production of CTC increased to 717 million Kgs whereas orthodox went down to 87 million Kgs. In the process the percentage of orthodox tea is only 10 per cent. Export of orthodox tea, particularly to the then USSR, from South India was being

done in a big way. The total export only to one country was about 120 million Kgs. Now the hon. Minister has mentioned many strategies involved in it. It has also been mentioned that they know about it that the global market share is going down. But saying that the market of tea is increasing in India, it has no reflection. The question is how do we increase global market share because it is going down. Sir, if you see in record terms, Sri Lanka, China, Kenya, etc. are the new entrants even they are increasing their share every year.

MR. DEPUTY CHAIRMAN: Please put your question.

SHRI SANTOSH BAGRODIA: Our export of Indian orthodox tea is going down. What is the Government strategy not only to re-introduce the orthodox tea in Russia but in the countries which have come out of USSR and find other markets more effectively because simple these things are not going to work.

SHRI KAMAL NATH: Sir, the hon. Member is right that at a point of time in the 1950's the orthodox tea production was very high and has now come down to about 10 per cent. This is because of the Indian tea taste is much more for CTC tea rather than the orthodox tea. Sir, also in this, our export share has been going down, not only export share in all kinds of teas because of increased production from other countries like Kenya, Sri Lanka, etc. Sir conscious of this, specially for the production of green orthodox tea, a scheme was sanctioned on 13th June, 2005 for the period-1st January, 2005 to 31st March, 2007-which envisages grant of subsidy of Rs. 3 per kg for leaf grade teas and Rs. 2 per kg for dust grades with an additional incentive of Rs. 2 per kg for the implemental volume of production over the previous year. So, implementality production is also rewarded. This has been set up from the additional Excise Duty which, infact, was later withdrawn. But the fund which is collected from the additional Excise Duty, has been sanctioned and has been activated. Applications have been received. About Rs. 7.76 crores, roughly that, has been disbursed. So with the global taste being more for orthodox tea this mix between orthodox tea and the CTC variety of tea has to change. So, it is for that that orthodox tea production is being incentivised.

SHRI SANTOSH BAGRODIA: Sir, my second supplementary is this. I am sure the hon. Minister knows that many tea gardens in South India have been abandoned because the cost of production of Indian tea in the

Indian tea industry is the highest in the world. If that is so, what steps the Government is taking to make the Indian tea more competitive? How do you propose to increase productivity per hectare because this Rs. 2 or Rs. 3 subsidy is not enough? The cost of orthodox tea is at least Rs. 3 to Rs. 10 more. Will the Government like to consider this so that this subsidy is increased to Rs. 8 to 10? Forget about how many tea gardens are affected. This is creating havoc for the tea industry.

SHRI KAMAL NATH: Sir, hon. Member is right that there is high cost of tea. High cost of tea is there basically for two reasons. We have the Plantation Labour Act. I have discussed with the West Bengal Government, I have discussed this with the Assam Government and with South India that we have very high costs. There is a social cost. One part is high cost as compared to other countries and the other is labour etc. At the end of the day, it is a relative situation. The global crisis has to be looked at relatively. The second is, the tea industry has not invested in the re-plantation and rejuvenation of tea bushes. So a large amount of our bushes as compared to other countries are very old. We have proposed a Special Purpose Tea Fund and this Special Purpose Tea Fund includes replantation and rejuvenation fund which is going to be spread over 15 years. This is now is process. Yesterday in the Budget, the Finance Minister has sanctioned one hundred crore rupees as a rolling amount for this fund. This fund is Rs. 4760 crores roughly over a period of 15 years which we propose calling a Special Purpose Tea Fund which is for replantation and rejuvenation because we have got to see that the bushes are young and they have a higher yield and for competitiveness, at the same time, we have to address the issue of high cost under the Plantation Labour Act which State Governments need to look at.

SHRI GIREESH KUMAR SANGHI: Sir, I would like to know from the hon. Minister how much priority the Government gives to the tea industry. What is the growth potential of tea industry in terms of employment, contribution to GDP and foreign exchange Earnings? Is there any time bound programme to achieve the targets? Has the Government fixed any target to improve this industry?

SHRI DIPANKAR MUKHERJEE: Sir, for this question he requires the assistance of the Minister of State and the Minister of State is not sitting

here. I don't know where is the Minister of State for Commerce. No, no, he cannot hide. He must help and come out here. Where is the Minister?

MR. DEPUTY CHAIRMAN: Please answer his supplementary.

SHRI KAMAL NATH: Sir, where growth potential of tea is concerned, our share in fact, has been going down as far as global exports are concerned. At one time we were exporting 50 per cent of our tea, now it is only about 12.84. Growth of tea is not merely a question of production; it is a question of consumption in India and larger share of export. This has got to be driven by that. Just by having production without domestic consumption and export potential is going to lead to more problems by having higher production. Various schemes of the Tea Board are announced. I will be happy to send these to the Member concerned.

SHRI P.G. NARAYANAN: The tea industry, especially in southern India, is in a bad shape for the past five years. Major tea industry companies like TATA have sold their companies to workers and run away. Sir, I am told the market for Indian tea has improved following severe drought in Kenya. Sir, I want to know what the various steps that Government is contemplating to boost tea export from Southern India.

SHRI KAMAL NATH: Sir, it is not a question of boosting it just from Southern India. The question is of boosting it in the whole country and this also includes Southern India. Sir, the Tea Board has various schemes and one of the most important things has been that we have now our Geographical Indications mostly in place where specifics of Indian tea are being covered under Geographical Indications. Where South Indian tea is concerned that is going to be part of our Special Purpose Tea Fund, which is also there, and which will increase production. It will increase the production. Simultaneously, with the steps being taken by the Tea Board for export activities, for the export promotion, we do hope that there will be an increase of our tea exports in the coming years.

SHRI DIPANKAR MUKHERJEE: Sir, just now, the production cost of tea vis-a-vis the global price was talked about. The hon. Minister referred to his discussion with the State Government and all that. Now-a-days, a lot of talk is going on about China, how to follow the China model, etc. When the labour is one of the stakeholders, the issue of cost of production should be discussed with the major central trade unions. We had asked a

number of times that—the General Secretary of the Centre of Indian Trade Unions is sitting here—when the issue of production, productivity and the labour problems in tea gardens come up, the five major All India Central Trade Unions should be called. Then the issue of South India and North India will not come. I think, as a major stakeholder, the five central trade unions should be called to discuss these specific issues relating to tea gardens, not only relating to their remuneration but also production, productivity and everything. I don't know why they have not been called.

SHRI KAMAL NATH: Sir, I want to inform the hon. Member that, for the first time, I held a stakeholders' conference which was represented by the trade unions, by the tea planters, by the entire spectrum of tea industry in which trade unions were also there.

SHRI DIPANKAR MUKHERJEE: Mr. Minister, I am a Secretary of All India Trade Union. He is the General Secretary for All India Trade Union. I am telling you that it was pick and choose. You should have called all the five central trade unions. Once you invite them, they would send their representatives. You cannot be pick and choose.

SHRI KAMAL NATH: Sir, there is no question of pick and choose. We do recognise that the labour, represented by the trade unions, have a stake in it. There is no doubt in it. They have a role in it. I don't recall if anybody from his union was present. As far as I remember, three to four trade unions were represented. And, I think, one of them is the represenative of your own trade union. I remember it beause they did discuss this with me. The idea was that everybody should say everything in front of everybody else. But, I certainly check what Mr. Dipankar has said. At the moment, we are looking at exports. With regard to the issue of cost factor, I went to Kolkata and discussed this with the hon. Chief Minister there. It is very important that these tea gardens are brought to a healthy state. These stakeholders' conference, in fact, I am told, that the Tea Board continues to have discussions with them. I will first request the Tea Board to have consultations with all the trade unions and, if necessary, I will have it myself.

SHRI R.P. GOENKA: Sir, orthodox tea is mainly produced in South India. We have a system, as of today, that unless 80 per cent of tea is auctioned or sold through recognised auction centres, no grant is receivable. The UNCTAD, in its Report, has said very clearly that Kenya

and India have quality auction systems. Therefore, either this clause that 80 per cent should be sold through auction should be removed, or, the faults in this should be rectified. So, my question to the hon. Minister is: Is he going to take any action on correcting the faults in our auction system?

SHRI KAMAL NATH: Sir, I understand what the hon. Member is saying that the auction itself is not the wrong thing. It is, perhaps, some of the corrections or modifications, which he is suggesting in the auction system. And, I must say this to the hon. Member—he mentioned that Orthodox Tea is grown in South India—that Orthodox Tea is mainly grown in Darjeeling and not in South India. We are now working on an e-auction platform for all auctions. And, if the hon. Member has any suggestions to modify or simplify or improve the auction system, we will be happy to look at it.

SHRI TARINI KANTA ROY: Sir, the Minister has stated that in India most of the tea manufacturers are of CTC tea, whereas, internationally, Orthodox Tea is being increasingly preferred. It is true. But, Sir, I want to know whether consumption of the CTC tea in the international market is coming down or not. At the same time, it is very difficult to know how Kenya and Sri Lanka are increasing their export share in the world, but our world share is coming down. So, I want to know from the hon. Minister if.... *(Interruptions)*...

MR. DEPUTY CHAIRMAN: It is not possible to call everybody. ...*{Interruptions)*... The time for other questions will be lost....*(Intenvptbns)*... We can take only limited supplementaries, not all.

SHRI TARINI KANTA ROY: Our production in India is increasing whereas our global market share in tea has been falling.

SHRI KAMAL NATH: Sir, I can only confirm what the Member is saying that our share has been going down. As I said, it was 50 per cent in the 50's and it has come down to almost about 12 per cent of the world production. Only 12 per cent of our production is exported. This is a point which is of concern how to increase it.

He wants to know why other people are selling it. The other people are selling it because they are more competitive. If we can be competitive, people are going to buy our tea. At the end of the day, they want a good price. And, I have been saying that this is only because of the high cost

we have arising out of the old bushes and high labour cost. ...*(Interruptions)*...

MR. DEPUTY CHAIRMAN: Last supplementary. ...*(Interruptions)*... No; no. ...*(Interruptions)*... Already we ...*(Interruptions)*... I have given time party-wise. have spent 20 minutes on one question ...*(Interruptions)*... I have given time party-wise.

SHRI DWIJENDRA NATH SHARMAH: Sir, Assam is a major tea producing State.

MR. DEPUTY CHAIRMAN: You please put a short question.

SHRI DWIJENDRA NATH SHARMAH: Sir, I am putting the question. Assam is a major tea producing State in the country and most of the tea gardens in Assam are sick as of today. My question is this. The hon. Minister has announced about Rs. 100 crores package for the whole country. Assam itself has more than 900 tea gardens in the State, and most of them ...*(Interruptions)*...

MR. DEPUTY CHAIRMAN: You put the question.

SHRI DWIJENDRA NATH SHARMAH: Sir, one minute. Most of them are large tea estates. Now, Sir, my point is whether this Rs. 100 crores will be sufficient to revitalise the tea industry.

MR. DEPUTY CHAIRMAN: He has said there is a Rs. 4000 crores fund also. He has already said that. ...*(Interruptions)*... It is not Rs. 100 crores only.

SHRI DWIJENDRA NATH SHARMAH: Sir, my question is: How much share is for Assam?

MR. DEPUTY CHAIRMAN: Please put the question.

SHRI DWIJENDRA NATH SHARMAH: Sir, one part of the question is remaining. Sir, another point is that some tea gardens have been started by unemployed educated youths in the State. They are small tea growers. They are in a bad situation because of the lowering of prices of tea over the years.

MR. DEPUTY CHAIRMAN. You just put the question.

SHRI DWIJENDRA NATH SHARMAH: I want to know whether any step has been taken to protect those small tea growers.

SHRI KAMAL NATH: Sir, in the package for orthodox tea which was announced, the applications received from Assam have been 196 for a subsidy claim of about Rs. 375 lakhs. The largest number we received was from Assam, that is, 196. To give you an indication, West Bengal had 28 and Darjeeling had 95 applications. And, 136 out of 196 applications from Assam have been processed. So, that is that.

MR. DEPUTY CHAIRMAN: Next Question.

*142 **श्री रूद्रनारायण पाणि** † † :
श्री रवि शंकर प्रसाद :

क्या गृह मंत्री यह बताने की कृपा करेंगे कि:

(क) क्या सरकार को इस बात की जानकारी हैं कि दक्षिण भारत में आतंकवादी गतिविधियों में वृद्धि हो रही हैं,

(ख) यदि हां, तो तत्संबंधी ब्यौरा क्या हैं इसके क्या कारण हैं,

(ग) यदि हां, तो इन्हे रोकने के लिए क्या उपाय किए गए हैं, और

(घ) पश्चिमी तटीय क्षेत्रों में आतंकवादियों को विदेशो से मिलने वाली सहायता को रोकने के लिए क्या प्रयास किए जा रहे हैं?

गृह मंत्री : श्री शिवराज वीं. पाटिल : (क) से (घ) तक विवरण सदन के पटल पर रखा जाता हैं।

विवरण

(क) और (ख) उपलब्ध सूचना के अनुसार 2005 में आतंकवाद की दो घटनाये, एक आंध्र प्रदेश में और दूसरी कर्नाटक में हुई थीं।

(ग) सरकार ने आतंकवादी संगठनों की गतिविधियों से निपटने के लिए सीमा पार से अवैध गतिविधियों को रोकने हेतु प्रबंधन को सुदृढ़ करके आसूचना तंत्र को चुस्त बना कर, केन्द्र और राज्यों की विभिन्न एजेंसियों के बीच गहन पारस्पारिक क्रिया, समन्वित कार्रवाई द्वारा उग्रवादियों और राज्य विरोधी तत्वों की योजना को निष्क्रिय करके, उन्नत अधुनातन हथियारों और संचार प्रणाली से पुलिस और सुरक्षा बलों का आधुनिकीकरण और उन्नयन आदि करके बहु-आयामी दृष्टिकोण अपनाया हैं। केन्द्र सरकार भी खतरे की आशंका और आतंकवादी संगठनों की

†सभा में यह प्रश्न श्री रूद्रनारायण पाणि द्वारा पूछा गया।